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OFFICE

SUPREME COURT OF THE UNITED STATES

OCTOBER TERM, 1943

No. 71

ROSCOE A. COFFMAN,

Appellant,

vs.

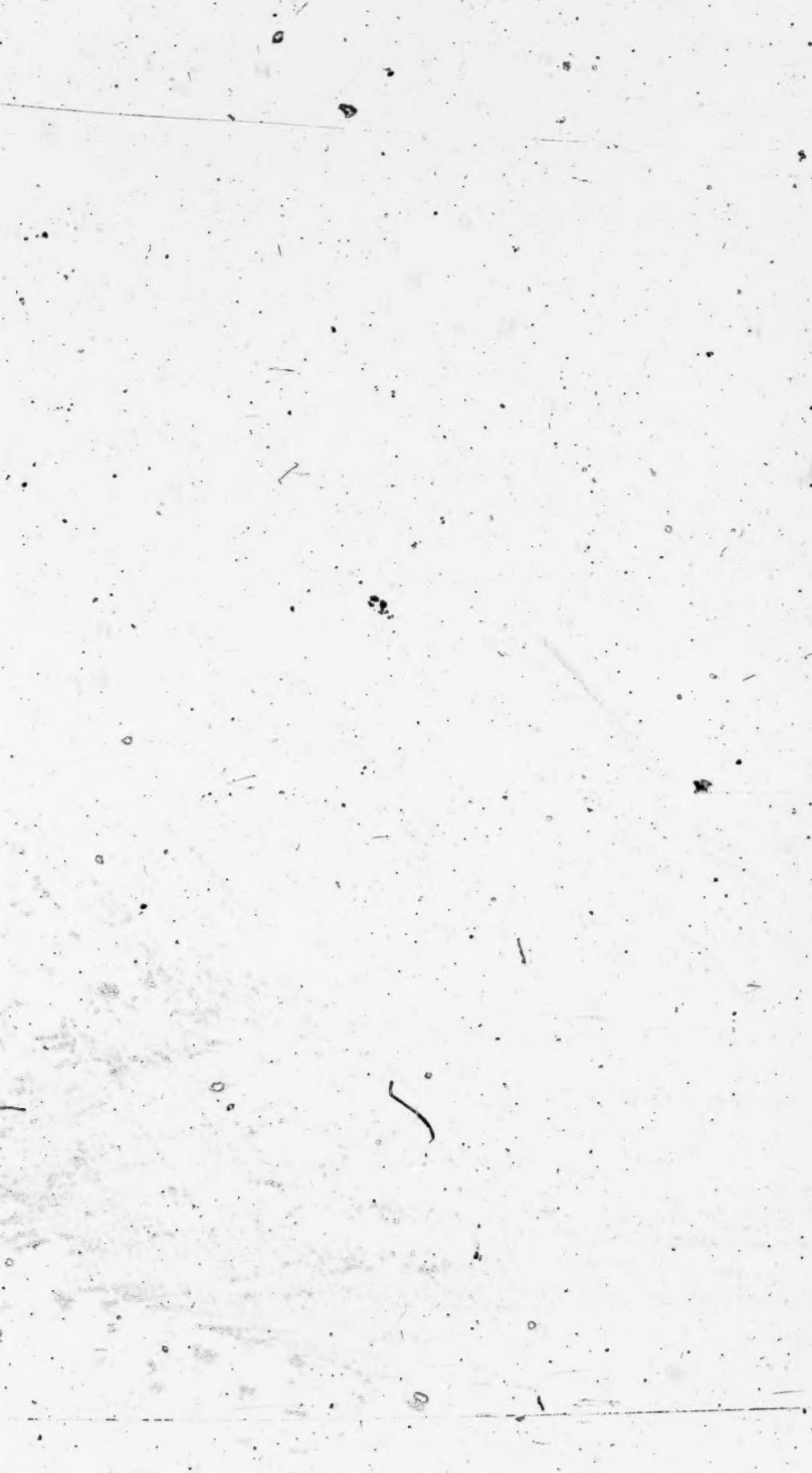
BREEZE CORPORATIONS, INC., AND THE UNITED
STATES OF AMERICA.

APPEAL FROM THE DISTRICT COURT OF THE UNITED STATES FOR
THE DISTRICT OF NEW JERSEY.

STATEMENT AS TO JURISDICTION.

JAMES D. CARPENTER,

Counsel for Appellant.



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SUPREME COURT OF THE UNITED STATES
OCTOBER TERM, 1943

No. 939

ROSCOE A. COFFMAN,

Plaintiff-Appellant,

vs.

BREEZE CORPORATIONS, INC., A CORPORATION OF THE
STATE OF NEW JERSEY,

Defendant-Appellee.

UNITED STATES OF AMERICA,

Intervenor.

STATEMENT OF JURISDICTION

The basis upon which it is contended that the Supreme Court of the United States has jurisdiction upon appeal to review the judgment entered in the District Court of the United States for the District of New Jersey on April 6, 1944, is as follows:

I.

The statute believed to sustain the jurisdiction of this Court is the Act of Congress of April 24, 1937, U. S. C. Tit. 28, Sec. 380(a).

II.

The statute of the United States the validity of which is involved, is the Royalty Adjustment Act of 1942, 56 Stat. 1015, U. S. C. Tit. 35, Secs. 89, 96, approved October 31, 1942.

The pertinent provisions of this statute are as follows:

The title is: "An Act to provide for adjusting royalties for the use of inventions for the benefit of the United States, in aid of the prosecution of the War, and for other purposes."

Section 1 of the Act provides that whenever an invention, whether patented or unpatented, shall be manufactured, used, sold, or otherwise disposed of for the United States, with license from the owner thereof, and such license includes provisions for the payment of royalties "the rates or amounts of which are believed to be unreasonable or excessive by the head of the department or agency of the Government which has ordered such manufacture, use, sale or other disposition, the head of the department or agency of the Government concerned shall give written notice of such fact to the licensor and to the licensee, within a reasonable time after the effective date of said notice, in any event less than ten days. The head of the department or agency of the Government concerned, shall by order fix and specify such rates or amounts of royalties, if any, as he shall determine to be fair and just, taking into account the conditions of wartime production, and shall authorize the payment thereof by the licensee to the licensor on account of such manufacture" etc. Provided, however that the licensee or licensor, if he so requests within ten days after the effective date of said notice, may within thirty days from the date of such request, present in writing or in person any facts or circumstances which may in his opinion have a bearing upon the rates or amounts of royalties if any.

to be determined, fixed and specified, "and any order fixing and specifying the rates and amounts of royalties shall be issued within a reasonable time after such presentation. Such licensee shall not after the effective date of said notice pay to the licensor, nor charge directly or indirectly to the United States, a royalty, if any, in excess of that specified in said order on account of such manufacture, use, sale, or other disposition. The licensor shall not have any remedy by way of suit, set-off or other legal action against the licensee for the payment of any additional royalty remaining unpaid, or damages for breach of contract or otherwise, but such licensor's sole and exclusive remedy, except as to the recovery of royalties fixed in said order, shall be as provided in Section 2." Section 2 provides that any licensor aggrieved by any order fixing and specifying the maximum rates or amounts of royalties under a license issued by him may institute suit against the United States in the Court of Claims, or in the District Courts of the United States insofar as such Courts may have concurrent jurisdiction with the Court of Claims to recover such sum, if any, as when added to the royalties fixed and specified in such order shall constitute fair and just compensation to the licensor for the manufacture, use, or other disposition of the licensed invention for the United States, taking into account the conditions of wartime production. In any such suit the United States may avail itself of any and all defenses, general or special, that might be pleaded by a defendant in an action for infringement as set forth in Title 60 of the Revised Statutes, or otherwise.

Section 3 gives the head of any department or agency of the Government power to enter into an agreement of compromise with the licensor of such invention for past or future compensation to the owner or licensor.

Section 4 provides that whenever a reduction in the rates or amounts of royalties is affected by order pursuant to Section 1, or by compromise pursuant to Section 3, such reduction shall inure to the benefit of the Government by way of a corresponding reduction in the contract price to be paid for such manufacture of such invention or by way of refund if already paid the licensee.

Section 5 provides that the head of the department or agency may delegate any power or authority conferred by this Act to such persons as he may designate or appoint.

Section 6 provides that for the purposes of this Act the manufacture, use, or sale of an invention, whether patented or unpatented, by a contractor, sub-contractor, or any person, firm or corporation for the Government, and with the authorization of the Government, shall be construed as manufacture, use or sale for the United States, and for the purposes of the Act of June 25, 1910, as amended (40 Stat. 705, 35 U. S. C. 68), the use or manufacture of an invention covered by a patent by a contractor, sub-contractor, or any person for the Government, and with the authorization or consent of the Government, shall be construed as use or manufacture for the United States.

Section 7. This Act shall apply to all royalties directly or indirectly chargeable to the United States for any supplies, equipment or materials. Sections 1 and 2 shall remain in force only during the continuance of the present War and for six months thereafter, "except that as to rates accrued or liabilities incurred prior to the termination thereof, the provisions of this act shall be treated as remaining in force and effect for the purpose of settling, sustaining, qualifying, or defeating any suit or claim hereunder."

Section 8. The head of each department or agency of the Government may issue such rules and regulations and re-

quire such information as may be necessary and proper to carry out the provisions of this Act.

III.

The judgment sought to be reviewed was entered April 6, 1944, and the application for appeal was presented immediately thereafter, to wit: April 6, 1944.

IV.

Nature of the Case.

(a) The plaintiff Coffman is the sole owner of Letters Patent relative to improvements in starting motors, and shells for use therewith. The starters are necessary and are used on a very large percentage of aircraft being used by the United States and its Allies. The starters are set in motion by the explosion of cartridges, or shells, likewise covered by plaintiff's patents, the motor being started not by an explosion resulting from the discharge of said cartridges or shells but by the control of the gases generated from the burning of the charge contained in the shells controlled in the manner and method described in the patents.

(b) On December 8, 1932, plaintiff executed and delivered an exclusive license agreement to Federal Laboratories, Inc. "and alternately to its successor in business" to make, use and sell the starters and shells embodying plaintiff's inventions, the licensee agreeing to pay plaintiff a license fee or royalty of 6% of the net selling price of the starters, parts and shells.

(c) Prior to July, 1937, defendant Breeze Corporations, Inc. bought control of the licensee, Federal Laboratories, Inc., and subsequently became the owner of all its issued

and outstanding capital stock. In February, 1937 Breeze Corporations, Inc. took over the manufacture of the Coffman Starter, and ever since has been operating as the sole manufacturer of Coffman Starters under the license agreement of December 8, 1932. The complaint charges, and the motion to dismiss accordingly admits that defendant Breeze Corporations, Inc. owes plaintiff for royalties on Coffman Starters for the calendar year 1943, \$210,000.00. Defendant Federal Laboratories, Inc., owes plaintiff for the year 1943 royalties on cartridges or shells amounting to \$48,000.00 (Complaint, par. 9).

(d) In February, 1941, plaintiff filed Civil Action No. 1395 in the District Court of the United States for the District of New Jersey for an accounting against Federal Laboratories, Inc. and Breeze Corporations, Inc. of royalties due plaintiff under his agreement of December 8, 1932, and also for an account of other moneys due plaintiff and alleged to have been withheld from him through fraudulent concealment of the consideration received by the licensee and Breeze Corporations, Inc. on the sale of manufacturing rights under the Coffman Patents to an English Company. The accounting action in the District Court for the District of New Jersey is pending and has not been reached for trial (Complaint, par. 6).

(e) On February 24, 1943, notice was given plaintiff by the Navy Department, and on March 3, 1943, by the War Department, that the royalties reserved to him under his agreement of December 8, 1932, were believed to be unreasonable and excessive.

(f) On December 18, 1943, the War Department issued its Royalty Adjustment Order No. W-9, and on December 23, 1943, the Navy Department issued its Royalty Adjustment Order No. N-7, copies of which are annexed to the

complaint, which allegedly, under the terms of the Royalty Adjustment Act aforesaid, determined that:

"(1) Fair and just rates and amounts of royalties for the manufacture, use, sale or other disposition of said alleged inventions are hereby determined, fixed and specified to be as follows:

(a) Upon each starter sold to or for either the War Department or the Navy Department, the sum of Eight (\$8) Dollars each, and

(b) Upon parts and cartridges sold to or for either the War Department or the Navy Department, no royalties;

but not to exceed the sum of Fifty Thousand (\$50,000) Dollars to be paid to Licensor in each calendar year commencing January 1, 1943, in respect of starters sold to or for the War Department and the Navy Department, added together.

(2) Until further Order, Licensee is hereby authorized to pay to Licensor, * * * not to exceed the amount determined, fixed and specified in paragraph (1) hereof, and no more, under

(a) the above mentioned license agreement dated December 8, 1932, * * *

(3) Licensee is hereby directed to pay over to the Treasurer of the United States, through Commanding General, Army Air Forces Material Command, attention, Royalty Adjustment Board, Wright Field, Dayton, Ohio, the balance, in excess of the payments authorized by paragraph (2) hereof, of all royalties specified in the licenses or arrangements referred to in paragraph (2) hereof which were due to Licensor and were unpaid on the effective date of said notice, or since said date have or may hereafter become due to Licensor on account of any manufacture, use, sale or other disposition of said inventions for the War Department or the Navy Department heretofore oc-

curred or hereafter occurring while Sections 1 and 2 of said Act remain in force; and demand is hereby made for payment forthwith of so much of said balance as is now due to Licensor."

(g) On January 7, 1944, plaintiff filed his verified Complaint in the District Court of the United States for the District of New Jersey, to which were annexed as exhibits copies of his Royalty Agreement of December 8, 1932, copies of the pleadings in his action for an accounting in the District Court of the United States for the District of New Jersey, and copies of the two Royalty Adjustment Orders. He alleged in the complaint that there was due him under his license agreement of December 8, 1932, royalties for the entire year 1943 approximating \$260,000.00, of which defendant Breeze Corporations, Inc. owes the plaintiff \$210,000.00 and defendant Federal Laboratories, Inc. owes the plaintiff approximately \$48,000.00 (Par. 9). Plaintiff alleged that neither Federal Laboratories, Inc. nor defendant Breeze Corporations, Inc. have made payment to plaintiff of the \$50,000.00 mentioned in Royalty Adjustment Orders Nos. W-9 and N-7, nor have either of said defendants made payment of any part of the balance due plaintiff to the Treasurer of the United States or anyone else, pursuant to paragraph (3) of the Royalty Adjustment Orders. The plaintiff charges that a meeting of the officers of the two defendant corporations with their counsel was called to be held on the afternoon of the day this complaint was filed, January 7, 1944, to consider whether payment under paragraph (3) of said Royalty Adjustment Orders should be made to the Treasurer of the United States.

(h) Plaintiff alleged that the Act of Congress known as the Royalty Adjustment Act, P. L. 768 (77th Congress, Chapter 634—Second Session) is null and void, and that the said Royalty Adjustment Orders, made in pretended

compliance with said statute are likewise null and void, for the following reasons:

- (1) As taking plaintiff's property for public use without just compensation and depriving plaintiff of his property without due process of law in violation of the Fifth Amendment;
- (2) That said Act of Congress and said Royalty Adjustment Orders operate to take plaintiff's property in his patents and in his license agreement for public use without just compensation;
- (3) That said Act of Congress attempts to deprive plaintiff of all remedy by suit or otherwise against his licensees for payment of the royalties reserved in his license agreement, wherein the validity of plaintiff's patents is conceded, and relegates plaintiff to an action against the United States in the Court of Claims to recover such sum, if any, as when added to the royalties fixed and specified in said Orders, "shall constitute fair and just compensation to the licensor" for the use of the invention, "and in which such suit the United States may avail itself of any and all defenses, general and special, that might be pleaded by a defendant in an action for infringement", and which defenses would not be open or available to the licensees;
- (4) That the statute and Orders deprive plaintiff of his limited patent monopoly without just compensation, within the meaning of the Fifth Amendment;
- (5) That the right of action attempted to be accorded plaintiff by a suit in the Court of Claims does not and cannot give plaintiff just compensation for his rights in said patents and his rights in his royalty agreement;
- (6) That said Act of Congress and said Orders operate to deprive plaintiff of royalties earned under said license

agreement to December 18, 1943, in excess of \$250,000.00, for an award of \$50,000.00 royalties;

(7) Said statute and orders are invalid in that they deprive plaintiff of all royalties reserved under said license agreement for parts manufactured and sold under said patents, and for shells and cartridges covered by plaintiff's patents and manufactured and sold by defendants;

(8) Said statute and orders operate to deny plaintiff his rights to an accounting in the action pending in the District Court for the District of New Jersey, and the rights to recover therein for any and all royalties due plaintiff for 1943 and thereafter;

(9) Said Act of Congress violates Article I, Section 1 and Section 8 of the Constitution, in that it is an unconstitutional delegation of legislative power setting up no standards for the guidance of agencies of the Government, and drawing no distinction between the manufacture of articles, whether patented or unpatented, and whether they are manufactured under a valid license or manufactured under a patent where no license has been granted.

(i) Plaintiff prayed:

(1) That an injunction issue enjoining and restraining Federal Laboratories, Inc. and Breeze Corporations, Inc. from complying with the Royalty Adjustment Orders aforesaid "and in particular from paying any of the royalties due plaintiff under said license agreement to the Treasurer of the United States pursuant to the command of the Royalty Adjustment Orders."

(2) For an order enjoining and restraining Federal Laboratories, Inc. and Breeze Corporations, Inc. from pay-

ing to the Treasurer of the United States any royalties that might hereafter become due the plaintiff as licensor, pursuant to the command of paragraph (3) of said Orders.

(3) That the Act of Congress aforesaid and the Royalty Adjustment Orders may be adjudged null and void for the reasons charged.

(4) That a temporary injunction issue forthwith enjoining and restraining the defendant Breeze Corporations, Inc. and Federal Laboratories, Inc., and their agents, from paying any moneys to the Treasurer of the United States, pursuant to the Royalty Adjustment Orders aforesaid, until a court could be summoned to determine whether plaintiff was entitled to a permanent injunction for the reasons aforesaid. Plaintiff alleges that irreparable harm and damage will be occasioned to him unless a temporary restraint is granted.

(j) Upon the filing of plaintiff's verified complaint with exhibits attached, District Judge Smith issued a temporary injunction, and in compliance with the Act of Congress of August 24, 1937, U. S. C. Tit. 28, Section 380(a), a special court was summoned and notice was duly given the Attorney General. The temporary injunction was served before any of plaintiff's royalties were paid to the Treasurer of the United States.

(k) The cause came on for hearing before the Special Court on January 15, 1944; the United States moved to intervene and become a party to the cause, and at the request of the United States Attorney, no objection being made, the matter was continued until March 4, 1944, the temporary stay being continued in the meantime. On February 5, 1944, the United States of America as intervenor moved the court to dismiss the complaint on the

ground that the court lacked jurisdiction over the subject matter of the action.

(1) The cause was argued before the Special Court on March 4, 1944, and after the Court had taken under consideration the motion to dismiss, hearing proceeded upon the merits. A stipulation of facts between plaintiff and defendant Breeze Corporations, Inc., wherein certain essential facts were admitted solely for the purpose of the action, and to be introduced only if the motion to dismiss was denied, was presented to the Court and the case was thereupon argued on the merits.

(m) On March 31, 1944, the Court filed its opinion, a copy of which is annexed, granting the motion to dismiss made by the Assistant Attorney General, in which it said:

"The Court having reserved decision on the motion proceeded to hear argument on the merits, but our decision on the motion makes consideration of the merits unnecessary."

V.

The cases believed to sustain the jurisdiction of the Court are:

Aetna Life Insurance Co. v. Haworth, 300 U. S. 239, 240;

City Bank v. Schnader, 291 U. S. 24;

Vicksburg Waterworks Co. v. Vicksburg, 185 U. S. 65.

Carter v. Carter Coal Co., 298 U. S. 238, wherein the Court quoting from the decision in *Pennsylvania v. West Virginia*, 256 U. S. 553, said:

"One does not have to await the consummation of threatened injury to obtain preventive relief. If the injury is certainly impending that is enough."

Pierce v. Society of Sisters, 268 U. S. 510, 535, 536;
Euclid v. Ambler Realty Co., 272 U. S. 365;

Swift v. United States, 276 U. S. 311, 326;
Marconi Wireless Tel. Co. v. Simon, 246 U. S. 46;
*Cramp & Sons v. International Curtis Marine
Turbine Co.*, 246 U. S. 28.

JAMES D. CARPENTER, JR.,
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EXHIBIT A.

UNITED STATES DISTRICT COURT, DISTRICT OF NEW JERSEY.

Civil No. 3289

ROSCOE A. COFFMAN, Plaintiff,

vs.

FEDERAL LABORATORIES, INC., a Corporation of the State of Delaware, and BREEZE CORPORATIONS, INC., a Corporation of the State of New Jersey, Defendants; UNITED STATES OF AMERICA, Intervenor.

OPINION.

Before McLaughlin, Circuit Judge and Fiske and Smith, District Judges, designated pursuant to the Act of August 24, 1937, c. 754, s. 3, 50 Stat. 752, 28 U. S. C. A. 380a.

SMITH, District Judge:

This is a civil action brought by the plaintiff Roscoe A. Coffman against the defendants Federal Laboratories, Inc., and Breeze Corporations, Inc., to enjoin the said defendants' alleged threatened compliance with two Royalty Adjustment Orders, the one (No. W-9) issued by the War Department, and the other (No. N-7) issued by the Navy Department, pursuant to and in accordance with the provisions of the Royalty Adjustment Act, 56 Stat. 1013-1015, 35 U. S. C. A. 89-96. The defendant Federal Laboratories, Inc., although joined as a party, was not served with process and did not enter an appearance.

This suit, as it now stands, has for its only object injunctive relief against the defendant Breeze Corporations, and presents an anomalous situation. The plaintiff, without invoking the judgment of the Court on any other issues, challenges the constitutionality of the Royalty Adjustment Act and the validity of the Royalty Adjustment Orders issued thereunder, and prays injunctive relief. The defendant, although entering an appearance, neither denies the

allegations that the Act is unconstitutional and the Orders are invalid nor resists the application for an injunction, but assumes a neutral position. The reason for this neutrality becomes apparent upon a reading of the facts hereinafter summarized. The only opposition is that offered by the United States, the intervenor.

The United States, having been permitted to intervene,¹ moved to dismiss the complaint on the grounds: first, that the Court lacked jurisdiction because of the failure of the complaint to state a justiciable controversy, and second, that the Court lacked jurisdiction to grant injunctive relief because of the want of equity. The Court, having reserved decision on the motion, proceeded to hear argument on the merits, but our decision on the motion makes consideration of the merits unnecessary.

A brief summary of the events which led to the present action will be conducive to a clear understanding, not only of the questions raised by the motion, but also of the reasons advanced by the Court in support of its decision.

The plaintiff, the sole owner of a series of patents covering inventions therein defined, under an agreement dated December 8, 1932, granted to the Federal Laboratories an exclusive license to manufacture, use, and sell the inventions. The said agreement fixed the "license fee or royalty" in an amount "equal to six percent (6%) of the net selling price on all devices and parts thereof sold." The Federal Laboratories, under agreements dated April 28, 1937 and April 28, 1939, employed and engaged the defendant Breeze Corporations, as the "exclusive sales agent and distributor," to manufacture and sell the inventions.²

On February 18, 1941 the plaintiff instituted an action in this court (Civil Action No. 1395) against Federal Laboratories and Breeze Corporations² in which he demanded, in addition to other relief, an accounting for royalties allegedly due and owing under the said license agreement and wrong-

¹ Act of August 24, 1937, c. 754, s. 1, 50 Stat. 751, 28 U. S. C. A. 401.

² Between July of 1937 and October of 1942, while the contracts were in force and effect, the defendant Breeze Corporations acquired all of the common stock and most of the preferred stock of the Federal Laboratories, and this stock it still owns.

fully withheld. The other issues raised in that action are not pertinent here and need not be discussed. The defendant Breeze Corporations, answering the complaint, denied any liability for royalties allegedly due and owing under the license agreement; Federal Laboratories, not having been served with process, did not answer. That action, hereinafter referred to as the law action, is still pending and awaiting trial.

While the law action was pending, the representatives of the War Department, pursuant to the provisions of the Royalty Adjustment Act, and particularly Section 1 thereof, 35 U. S. C. A. 89, having determined that the fees and royalties payable to the plaintiff under the said license agreement on patented devices manufactured for and charged or chargeable to the said Department, either directly or indirectly, were unreasonable and excessive, adjusted the basis of compensation and fixed both the "rates and the amount" of royalties in amounts determined by them to be "fair and just." The terms and conditions of the adjustment were embodied in Royalty Adjustment Order No. W-9, the pertinent provisions of which are recited in the footnote.³ The representatives of the Navy Depart-

³ "(1) Fair and just rates and amounts of royalties for the manufacture, use, sale or other disposition of said alleged inventions are hereby determined, fixed and specified to be as follows:

(a) Upon each starter sold to or for either the War Department or the Navy Department, the sum of Eight (\$8) Dollars each, and

(b) upon parts and cartridges sold to or for either the War Department or the Navy Department, no royalties;

but not to exceed the sum of Fifty Thousand (\$50,000) Dollars to be paid to Licensor in each calendar year commencing January 1, 1943 in respect of starters sold to or for the War Department and the Navy Department, added together.

(2) Until further Order, Licensee is hereby authorized to pay to Licensor, on account of any manufacture, use, sale or other disposition of said alleged inventions for the War Department heretofore occurred, or hereafter occurring while Sections 1 and 2 of said Act remain in force, royalties at the rate and not to exceed the amount determined, fixed and specified in paragraph (1) hereof, and no more, under

(a) the above-mentioned license agreement dated December 8, 1932, and

(b)

ment, following a like procedure, issued Royalty Adjustment Order No. X-7, in which identical terms and conditions were incorporated.

The Orders, in addition to modifying the basis of compensation, fixed the maximum sum payable to the plaintiff in each calendar year at fifty thousand dollars, and directed that the balance, in excess of the payments authorized of all royalties specified in the licenses which were due to Licensor (plaintiff), and were unpaid on the effective date, or since said date have or may hereafter become due to Licensor, on account of any manufacture, use, sale or other disposition of said inventions for the War Department or the Navy Department, be paid to the Treasurer of the United States.

In December 1943, certified copies of these orders were served on all of the interested parties, to wit, Roseoe A. Coffman, Federal Laboratories, and Breeze Corporations. The present action followed. The defendant Breeze Corporations filed an answer in which it denied liability to either the plaintiff or the Treasurer of the United States, a position consistent with its stand in the earlier law action. The said defendant, however, asserted no right or defense predicated upon either the Orders or the Act, and did not controvert the plaintiff's allegations that the former were invalid and the latter was unconstitutional.

It is reasonably apparent, upon consideration of the facts and circumstances embraced within the pleadings and herein summarized, that as between the immediate parties to this action there is no "case" or "controversy", within the meaning of Article 3, Section 2, of the Constitution. The

(3) Licensee is hereby directed to pay over to the Treasurer of the United States, the balance, in excess of the payments authorized by paragraph (2) hereof, of all royalties specified in the licenses referred to in paragraph (2) hereof which were due to Licensor and were unpaid on the effective date, or since said date have or may hereafter become due to Licensor, on account of any manufacture, use, sale or other disposition of said inventions for the War Department or the Navy Department heretofore occurred or hereafter occurring while Sections 1 and 2 of said Act remain in force; and demand is hereby made for payment forthwith of so much of said balance as is now due to Licensor."

complaint does not invoke the judgment of the Court on the respective rights and liabilities of the parties, but invites only an adjudication on the constitutionality of the Statute and the validity of the Orders; such an adjudication is not essential to the determination of any right or interest asserted by the plaintiff and controverted by the defendant in this action. This defendant, as hereinabove stated, asserts no right or defense predicated upon either the Act or the Orders, and offers no resistance to the application for injunctive relief. The "adverse legal interests" in the subject of inquiry requisite to a "case" or "controversy" are obviously absent. This defect is fatal to the jurisdiction of the Court. *South Spring Gold Co. v. Amador Gold Co.*, 145 U. S. 300; *Fairchild v. Hughes*, 258 U. S. 126; *Massachusetts v. Mellon*, 262 U. S. 447, and other cases hereinafter cited.

The pleadings present nothing more than abstract questions, the answers to which, at least in this suit, are not determinative of the respective rights and liabilities of the immediate parties. The exercise of the judicial power does not extend to the determination of such questions. *Liverpool, &c. Steamship Co. v. Commissioner of Emigration*, 113 U. S. 33; *Chicago &c. Railway Co. v. Wellman*, 143 U. S. 339; *California v. San Pablo, &c. Railroad Co.*, 149 U. S. 308; *Muskrat v. United States*, 219 U. S. 346; *Keller v. Potomac Electric Power Co.*, 261 U. S. 428; *Liberty Warehouse Co. v. Grannis*, 273 U. S. 70. The interest of the plaintiff in the only subject of the purported controversy, the constitutionality of the Statute and the validity of the Orders, will not sustain this suit or support the jurisdiction of the Court in the absence of a real adverse interest therein maintained by the defendant. *Ibid.*

It is well settled that the judicial power, the power to adjudicate legal rights and pronounce judgment, vested in the courts by the Constitution, is limited to the determination of actual controversies between adverse litigants. The requirements of a justiciable controversy are clearly defined by the Supreme Court in *Aetna Life Ins. Co. v. Haworth*, 300 U. S. 216, 240, 241, in which it was stated:

"The *controversy must be definite and concrete, touching the legal relations of parties having adverse*

legal interest. South Spring Gold Co. v. Amador Gold Co., 145 U. S. 300, 301; Fairehild v. Hughes, 258 U. S. 126, 129; Massachusetts v. Mellon, 262 U. S. 447, 487, 488. It must be a real and substantial controversy admitting of specific relief through a decree of a conclusive character, as distinguished from an opinion advising what the law would be upon a hypothetical state of facts. See *Muskrat v. United States*, *supra*; *Texas v. Interstate Commerce Comm'n*, 258 U. S. 158, 162; *New Jersey v. Sargent*, 269 U. S. 328, 339, 340; *Liberty Warehouse Co. v. Grannis*, 273 U. S. 70; *New York v. Illinois*, 274 U. S. 488, 490; *Willing v. Chicago Auditorium Assn.*, 277 U. S. 274, 289, 290; *Arizona v. California*, 283 U. S. 423, 463, 464; *Alabama v. Arizona*, 291 U. S. 286, 291; *United States v. West Virginia*, 295 U. S. 463, 474, 475; *Ashwander v. Tennessee Valley Authority*, 297 U. S. 288, 324. Where there is such a concrete case *admitting of an immediate and definitive determination of the legal rights* of the parties *in an adversary proceeding* upon the facts alleged, the judicial function may be appropriately exercised, although the adjudication of the rights of the litigants may not require the award of process or the payment of damages. *Nashville, C. & St. L. Ry. Co. v. Wallace*, *supra*, p. 263; *Tutun v. United States*, 270 U. S. 568, 576, 577; *Fidelity National Bank v. Swope*, 274 U. S. 123, 132; *Old-Colony Trust Co. v. Commissioner*, *supra*, p. 725. (Emphasis by the Court.)

That case and the cases herein cited emphasize the prerequisite of "adverse legal interests" in the subject matter of the controversy, the subject of judicial inquiry.

There is no power in the courts to declare an act of Congress unconstitutional except in an actual controversy in which such a declaration is indispensable to the determination of the respective rights and liabilities of adverse litigants and the pronouncement of judgment. *Liverpool, &c. Steamship Co. v. Commissioners of Emigration*; *Chicago, &c. Railway Co. v. Wellman*; *California v. San Pablo, &c. Railroad Co.*; *Muskrat v. United States*; *Liberty Warehouse Co. v. Grannis*; *Massachusetts v. Mellon*, all *supra*;

United States v. Johnson, 319 U. S. 302; Willing v. Chicago Auditorium Assn., 277 U. S. 274. The rights of the one litigant and the liabilities of the other must be so dependent upon or affected by the challenged statute as to render an adjudication on its constitutionality necessary to the ultimate decision and final judgment. *Ibid.* The present action fails to meet these requirements.

When the nature of the present suit, the relations of the immediate parties, and the relief sought, are considered, it appears that the United States is a necessary party whose presence is indispensable to the final adjudication of the only issue here raised, the constitutionality of the Act and the validity of the Orders. *Texas v. Interstate Commerce Comm'n, supra; Gregory v. Stetson, 133 U. S. 579; Minnesota v. Northern Securities Co., 184 U. S. 199, 235; Ginerick v. Rutter, 265 U. S. 388; Commonwealth Trust Co. v. Smith, 266 U. S. 152; Garretson v. National Surety Co., 63 F. 2d 847; Chicago, M., St. P. & P. R. Co. v. Adams County, 72 F. 2d 816; State of Washington v. United States, 87 F. 2d 421; Angell v. Sehram, 109 F. 2d 380; Baird v. Peoples Bank & Trust Co., 120 F. 2d 1001.* Under Section 4 of the Statute, 35 U. S. C. A. 92, the reduction of royalties effected by the Orders inures only "to the benefit of the Government by way of a corresponding reduction in the contract price to be paid directly or indirectly for (the) manufacture, use, sale, or other disposition of (the) invention." There is no consequent advantage thereunder, either direct or indirect, accruing to the defendant. It necessarily follows that under these circumstances, an injunction in conformity with the prayers for relief, restraining the defendant's compliance with the Orders, would affect the rights of the United States and leave the only conflicting interest, those of the plaintiff and the United States, in a state of uncertainty. This absence of an indispensable party defeats the equity jurisdiction of this Court. *Ibid.*

Even if the complaint could be regarded as presenting a "case" or "controversy" within the meaning of Article 3, Section 2 of the Constitution, it must be dismissed for want of equity. The bare allegations that the Act is unconstitutional and the Orders promulgated thereunder are invalid will not sustain the authority of the Court to grant injunc-

tive relief. It is well established that sufficient allegations of "further circumstances" which bring the suit within "some recognized head of equity jurisdiction" is a pre-requisite to the exercise of this extraordinary power: *Cruickshank v. Bidwell*, 176 U. S. 73; *Boise Artesian Water Co. v. Boise City*, 213 U. S. 276; *Southern Railway Co. v. King*, 217 U. S. 524; *Heald v. District of Columbia*, 259 U. S. 114; *Terrace v. Thompson*, 263 U. S. 197; *Northport Power & Light Co. v. Hartley*, 283 U. S. 568; *Matthews v. Rodgers*, 284 U. S. 521; *Champlin Refining Co. v. Corporation Commission*, 286 U. S. 210; *Anniston Mfg. Co. v. Davis*, 301 U. S. 337; *Arnall v. Hillsborough Packing Co.*, 70 F. 2d 435; *Richmond Hosiery Mills v. Camp*, 74 F. 2d 200, and other cases herein cited. The allegations of the complaint are patently deficient in this respect and the reasons for this deficiency are evident.

The present suit has for its ultimate object the protection of the plaintiff's contractual right to the royalties fixed by the license agreement and due and to become due thereunder. This right, a mere chose in action, is cognizable and enforceable in an action at law. If the Act is constitutional and the Orders issued thereunder valid, the plaintiff may maintain an action against the United States under Section 2 of the Statute, 35 U. S. C. A. 90, "to recover such sum, if any, as when added to the royalties fixed and specified in (the Orders), shall constitute fair and just compensation . . . for the manufacture, use, sale or other disposition of the licensed invention for the United States." If the converse is true, the plaintiff may, notwithstanding the statutory prohibition,⁴ recover the royalties fixed by the license agreement in an action at law against the parties liable for their payment; the provisions of the Act, if unconstitutional, could not be successfully interposed as a defense to such an action.

Cruickshank v. Bidwell, 176 U. S. 73, 81.

It seems obvious that this action fails to meet the recognized test of equity jurisdiction, to wit, the lack of a plain, adequate, and complete remedy at law. The complaint is

⁴ Royalty Adjustment Act, s. 1, 56 Stat. 1013, 35 U. S. C. A. 89.

devoid of any allegations from which it may be inferred that the available legal remedies are inadequate and is equally devoid of any allegations from which it may be inferred that the plaintiff, if left to his legal remedies, would be exposed to imminent danger of irreparable injury. These prerequisites are indispensable to the exercise of equity jurisdiction. *Cruickshank v. Bidwell*; *Boise Artisan Water Co. v. Boise City*; *Heald v. District of Columbia*; *Massachusetts v. Mellon*; *Terrace v. Thompson*; *Northfort Power & Light Co. v. Hartley*; *Matthews v. Rodgers*; *Champlin Refining Co. v. Corporation Commission*; *Aniston Mfg. Co. v. Davis*, all *supra*; *Cavanaugh v. Looney*, 248 U. S. 453; *United Gas Co. v. Railroad Commission*, 278 U. S. 300; *State Commission v. Wichita Gas Co.*, 290 U. S. 561.

The complaint is dismissed for the reasons herein stated and the temporary injunction heretofore granted is vacated.

SUPREME COURT OF THE UNITED STATES

OCTOBER TERM, 1943

No. 939

ROSCOE A. COFFMAN,

Plaintiff-Appellant,

vs.

BREEZE CORPORATIONS, INC., A CORPORATION OF THE
STATE OF NEW JERSEY,

Defendant-Appellee,

UNITED STATES OF AMERICA,

Intervenor.

ADDENDUM TO STATEMENT OF JURISDICTION

How the Court Below abused its discretion.

VI.

The Court below should have issued its injunction as prayed for because:

- (a) It cannot be said that the action should be dismissed for the absence of the United States as a necessary party, for it intervened in the action and moved to dismiss.
- (b) It cannot be said there was no justifiable controversy because an injunction was sought to restrain Breeze Corporations, Inc. from paying \$210,000. of plaintiff's royalties, due him for 1943 under his contract of December

8, 1932, to the Treasurer of the United States pursuant to the command of the Royalty Adjustment Orders Nos. W-9 and N-7. The injunction was served before any of plaintiff's royalties for 1943 were paid over, and it caught the money in the hands of plaintiff's debtor.

Prior to the service of the notices under the statute on February 24 and March 3, 1943, a substantial part of plaintiff's royalties were being paid him under the terms of his contract of December 8, 1932 (Aperta affidavit annexed to Complaint, par. 4). Service of such notices terminated all payments to plaintiff. The Royalty Adjustment Orders threatened to destroy his vested rights under his contract made in 1932.

If plaintiff may not restrain his debtor from complying with the Royalty Adjustment Orders and paying his money to the Treasurer of the United States, he certainly will be met with the defense of payment in the action at law to recover his royalties which the District Court suggests. If the Royalty Adjustment Act is valid plaintiff may not even sue at law.

Only this Court can say that payment pursuant to the Royalty Adjustment Orders will not discharge Breeze Corporations, Inc.'s obligation to plaintiff. *Security Bank v. California*, 263 U. S. 282; *Anderson National Bank v. Lüdsett, Commissioner*, (Decided Feb. 28, 1944).

Why should plaintiff be compelled to await the complete destruction of his rights, when the legality of the threatened injury can be speedily and effectively determined in this action in equity?

The Royalty Adjustment Act of 1942 under which Orders Nos. W-9 and N-7 were issued is obviously void. It contains not a single standard for the guidance of the "purchasing agency" which believes the price charged is too great because of royalties payable to inventors.

It is not an act of Eminent Domain, for the taking is only of accounts receivable due inventors for an award, not of the value of what is taken, but something far less. To the extent that all royalties were denied, plaintiff on parts and cartridges the only beneficiary is the contractor- licensee.

The sole right to sue in the Court of Claims is to recover not what plaintiff's contract gave him (with the validity of his patents conceded) but fair value subject to any and all defenses that agile minds can conjure up.

The act destroyed vested rights of the plaintiff in both his patents and his contract of December 8, 1932.

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